

# HOUSE BILL No. 1285

## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 2-5-26-8; IC 4-12; IC 4-22-2-37.1; IC 4-23; IC 12-7-2; IC 12-10-16; IC 12-13-15.2-1; IC 12-15; IC 12-17.6; IC 16-42-22; IC 27-1-37.2; IC 35-43-5-7.2.

**Synopsis:** State budget and tobacco settlement funds. Reduces certain appropriations for FY 2002-2003. Repeals the formula for distributions from the tobacco master settlement. Repeals the tobacco use prevention and cessation trust fund. Repeals the health care trust fund and makes corresponding changes in Medicaid eligibility. Repeals the biomedical technology and basic research trust fund. Repeals the local health department trust fund. Repeals the prescription drug fund, but provides for funding for the program from the general fund. Repeals the regional health care construction account. Repeals the tobacco farmers and rural community impact fund. Repeals the children's health insurance program. Repeals the health insurance educator. Repeals a fraud statute regarding the children's health insurance program.

**Effective:** July 1, 2002.

**Torr, Brown T**

January 14, 2002, read first time and referred to Committee on Rules and Legislative Procedures.



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Second Regular Session 112th General Assembly (2002)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2001 General Assembly.

## HOUSE BILL No. 1285

A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 2-5-26-8, AS ADDED BY P.L.256-2001,
- 2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 3 JULY 1, 2002]: Sec. 8. The commission shall do the following:
- 4 (1) Determine whether the contractor for the office under
- 5 IC 12-15-30 that has responsibility for processing provider claims
- 6 for payment under the Medicaid program has properly performed
- 7 the terms of the contractor's contract with the state.
- 8 (2) Study and propose legislative and administrative procedures
- 9 that could help reduce the amount of time needed to process
- 10 Medicaid claims and eliminate reimbursement backlogs, delays,
- 11 and errors.
- 12 (3) Oversee the implementation of a case mix reimbursement
- 13 system developed by the office and designed for Indiana Medicaid
- 14 certified nursing facilities.
- 15 (4) Study and investigate any other matter related to Medicaid.
- 16 ~~(5) Study and investigate all matters related to the implementation~~
- 17 ~~of the children's health insurance program established by~~



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~~IC 12-17-6-~~

SECTION 2. IC 4-12-1-14.4 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 14.4. (a) As used in this section, "Master Settlement Agreement" has the meaning set forth in IC 24-3-3-6.**

**(b) The general assembly finds that the purpose of the tobacco lawsuit was to reimburse taxpayers for expenses that the states incurred and will incur in the future under Medicaid and other public assistance programs for smoking related illnesses. The general assembly finds that the use of Master Settlement Agreement proceeds to fund new and expanded health and welfare programs creates an undue burden on Indiana taxpayers and deprives taxpayers of the relief for which the tobacco lawsuit was ostensibly brought.**

**(c) Money received by the state under the Master Settlement Agreement shall be deposited in the state general fund.**

SECTION 3. IC 4-22-2-37.1, AS AMENDED BY P.L.204-2001, SECTION 6, AS AMENDED BY P.L.287-2001, SECTION 1, AND AS AMENDED BY P.L.283-2001, SECTION 1, IS AMENDED AND CORRECTED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 37.1. (a) This section applies to a rulemaking action resulting in any of the following rules:**

- (1) An order adopted by the commissioner of the Indiana department of transportation under IC 9-20-1-3(d) or IC 9-21-4-7(a) and designated by the commissioner as an emergency rule.
- (2) An action taken by the director of the department of natural resources under IC 14-22-2-6(d) or IC 14-22-6-13.
- (3) An emergency temporary standard adopted by the occupational safety standards commission under IC 22-8-1.1-16.1.
- (4) An emergency rule adopted by the solid waste management board under IC 13-22-2-3 and classifying a waste as hazardous.
- (5) A rule, other than a rule described in subdivision (6), adopted by the department of financial institutions under IC 24-4.5-6-107 and declared necessary to meet an emergency.
- (6) A rule required under IC 24-4.5-1-106 that is adopted by the department of financial institutions and declared necessary to meet an emergency under IC 24-4.5-6-107.
- (7) A rule adopted by the Indiana utility regulatory commission to address an emergency under IC 8-1-2-113.
- (8) An emergency rule jointly adopted by the water pollution

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control board and the budget agency under IC 13-18-13-18.

(9) An emergency rule adopted by the state lottery commission under IC 4-30-3-9.

(10) A rule adopted under IC 16-19-3-5 that the executive board of the state department of health declares is necessary to meet an emergency.

(11) An emergency rule adopted by the Indiana transportation finance authority under IC 8-21-12.

(12) An emergency rule adopted by the insurance commissioner under IC 27-1-23-7.

(13) An emergency rule adopted by the Indiana horse racing commission under IC 4-31-3-9.

(14) An emergency rule adopted by the air pollution control board, the solid waste management board, or the water pollution control board under IC 13-15-4-10(4) or to comply with a deadline required by federal law, provided:

(A) the variance procedures are included in the rules; and

(B) permits or licenses granted during the period the emergency rule is in effect are reviewed after the emergency rule expires.

(15) An emergency rule adopted by the Indiana election commission under IC 3-6-4.1-14.

(16) An emergency rule adopted by the department of natural resources under IC 14-10-2-5.

(17) An emergency rule adopted by the Indiana gaming commission under IC 4-33-4-2, IC 4-33-4-3, or IC 4-33-4-14.

(18) An emergency rule adopted by the ~~alcoholic beverage~~ *alcohol and tobacco* commission under IC 7.1-3-17.5, IC 7.1-3-17.7, or IC 7.1-3-20-24.4.

(19) An emergency rule adopted by the department of financial institutions under IC 28-15-11.

(20) An emergency rule adopted by the office of the secretary of family and social services under IC 12-8-1-12.

~~(21) An emergency rule adopted by the office of the children's health insurance program under IC 12-17.6-2-11.~~

~~(22)~~ **(21)** *An emergency rule adopted by the office of Medicaid policy and planning under IC 12-17.7-2-6 to implement the uninsured parents program.*

*(22) An emergency rule adopted by the office of Medicaid policy and planning under IC 12-15-41-15.*

(b) The following do not apply to rules described in subsection (a):

(1) Sections 24 through 36 of this chapter.

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(2) IC 13-14-9.

(c) After a rule described in subsection (a) has been adopted by the agency, the agency shall submit the rule to the publisher for the assignment of a document control number. The agency shall submit the rule in the form required by section 20 of this chapter and with the documents required by section 21 of this chapter. The publisher shall determine the number of copies of the rule and other documents to be submitted under this subsection.

(d) After the document control number has been assigned, the agency shall submit the rule to the secretary of state for filing. The agency shall submit the rule in the form required by section 20 of this chapter and with the documents required by section 21 of this chapter. The secretary of state shall determine the number of copies of the rule and other documents to be submitted under this subsection.

(e) Subject to section 39 of this chapter, the secretary of state shall:

(1) accept the rule for filing; and

(2) file stamp and indicate the date and time that the rule is accepted on every duplicate original copy submitted.

(f) A rule described in subsection (a) takes effect on the latest of the following dates:

(1) The effective date of the statute delegating authority to the agency to adopt the rule.

(2) The date and time that the rule is accepted for filing under subsection (e).

(3) The effective date stated by the adopting agency in the rule.

(4) The date of compliance with every requirement established by law as a prerequisite to the adoption or effectiveness of the rule.

(g) Subject to subsection (h), IC 14-10-2-5, IC 14-22-2-6, and IC 22-8-1.1-16.1, a rule adopted under this section expires not later than ninety (90) days after the rule is accepted for filing under subsection (e). Except for a rule adopted under subsection (a)(14), the rule may be extended by adopting another rule under this section, but only for one (1) extension period. A rule adopted under subsection (a)(14) may be extended for two (2) extension periods. Except for a rule adopted under subsection (a)(14), for a rule adopted under this section to be effective after one (1) extension period, the rule must be adopted under:

(1) sections 24 through 36 of this chapter; or

(2) IC 13-14-9;

as applicable.

(h) A rule described in subsection (a)(6), (a)(9), or (a)(13) expires on the earlier of the following dates:

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(1) The expiration date stated by the adopting agency in the rule.

(2) The date that the rule is amended or repealed by a later rule adopted under sections 24 through 36 of this chapter or this section.

(i) This section may not be used to readopt a rule under IC 4-22-2.5

SECTION 4. IC 4-23-26-3, AS AMENDED BY P.L.215-2001, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 3. (a) The committee consists of the following members:

(1) The director of the children's special health care services program.

(2) The director of the first steps program.

(3) The chair of the governor's interagency coordinating council for early intervention.

(4) The chair of the children's special health care services advisory council under 410 IAC 3.2-11.

(5) The director of the division of special education created under IC 20-1-6-2.1.

(6) The director of the division of mental health and addiction.

(7) One (1) representative of the Indiana chapter of the American Academy of Pediatrics.

(8) One (1) representative of a family advocacy group.

(9) Three (3) parents of children with special health needs.

(10) Three (3) parents of children who are enrolled in the  
~~(A) children's health insurance program under IC 12-17.6; or~~  
~~(B) Medicaid managed care program for children.~~

(b) The members under subdivisions (1) and (2) are nonvoting members.

SECTION 5. IC 4-23-27-7, AS ADDED BY P.L.273-1999, SECTION 162, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 7. The board shall direct policy coordination of children's health programs by doing the following:

(1) Developing a comprehensive policy in the following areas:

(A) Appropriate delivery systems of care.

(B) Enhanced access to care.

(C) The use of various program funding for maximum efficiency.

(D) The optimal provider participation in various programs.

(E) The potential for expanding health insurance coverage to other populations.

(F) Technology needs, including development of an electronic claim administration, payment, and data collection system that

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allows providers to have the following:

- (i) Point of service claims payments.
- (ii) Instant claims adjudication.
- (iii) Point of service health status information.
- (iv) Claims related data for analysis.

(G) Appropriate organizational structure to implement health policy in the state.

(2) Coordinating aspects of existing children's health programs, including the children's health insurance program, Medicaid managed care for children, first steps, and children's special health care services, in order to achieve a more seamless system easily accessible by participants and providers, specifically in the following areas:

- (A) Identification of potential enrollees.
  - (B) Outreach.
  - (C) Eligibility criteria.
  - (D) Enrollment.
  - (E) Benefits and coverage issues.
  - (F) Provider requirements.
  - (G) Evaluation.
  - (H) Procurement policies.
  - (I) Information technology systems. including technology to coordinate payment for services provided through the children's health insurance program under IC 12-17.6 with:
    - (i) services provided to children with special health needs; and
    - (ii) public health programs designed to protect all children.
- (3) Reviewing, analyzing, disseminating, and using data when making policy decisions.
- (4) Overseeing implementation of the children's health insurance program under IC 12-17.6; including:

- (A) reviewing:
  - (i) benefits provided by;
  - (ii) eligibility requirements for; and
  - (iii) each evaluation of;
 the children's health insurance program on an annual basis in light of available funding; and
- (B) making recommendations for changes to the children's health insurance program to the office of the children's health insurance program established under IC 12-17.6-2-1.

SECTION 6. IC 12-7-2-52.2, AS AMENDED BY P.L.283-2001, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



JULY 1, 2002]: Sec. 52.2. (a) ~~"Crowd out", for purposes of IC 12-17.6, has the meaning set forth in IC 12-17.6-1-2.~~

~~(b)~~ "Crowd out", for purposes of IC 12-17.7, has the meaning set forth in IC 12-17.7-1-3.

SECTION 7. IC 12-7-2-76.5, AS AMENDED BY P.L.283-2001, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 76.5. (a) "Emergency", for purposes of IC 12-20, means an unpredictable circumstance or a series of unpredictable circumstances that:

(1) place the health or safety of a household or a member of a household in jeopardy; and

(2) cannot be remedied in a timely manner by means other than township assistance.

~~(b)~~ "Emergency", for purposes of IC 12-17.6, has the meaning set forth in IC 12-17.6-1-2.6.

~~(c)~~ **(b)** "Emergency", for purposes of IC 12-17.7, has the meaning set forth in IC 12-17.7-1-4.

SECTION 8. IC 12-7-2-91, AS AMENDED BY P.L.14-2000, SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 91. "Fund" means the following:

(1) For purposes of IC 12-12-1-9, the fund described in IC 12-12-1-9.

(2) For purposes of IC 12-13-8, the meaning set forth in IC 12-13-8-1.

(3) For purposes of IC 12-15-20, the meaning set forth in IC 12-15-20-1.

(4) For purposes of IC 12-17-12, the meaning set forth in IC 12-17-12-4.

~~(5)~~ For purposes of IC 12-17.6, the meaning set forth in IC 12-17.6-1-3.

~~(6)~~ **(5)** For purposes of IC 12-18-4, the meaning set forth in IC 12-18-4-1.

~~(7)~~ **(6)** For purposes of IC 12-18-5, the meaning set forth in IC 12-18-5-1.

~~(8)~~ **(7)** For purposes of IC 12-19-7, the meaning set forth in IC 12-19-7-2.

~~(9)~~ **(8)** For purposes of IC 12-23-2, the meaning set forth in IC 12-23-2-1.

~~(10)~~ **(9)** For purposes of IC 12-24-6, the meaning set forth in IC 12-24-6-1.

~~(11)~~ **(10)** For purposes of IC 12-24-14, the meaning set forth in IC 12-24-14-1.

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~~(12)~~ **(11)** For purposes of IC 12-30-7, the meaning set forth in IC 12-30-7-3.

SECTION 9. IC 12-7-2-134, AS AMENDED BY P.L.273-1999, SECTION 165, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 134. "Office" means the following:

(1) Except as provided in subdivisions (2) and (3), the office of Medicaid policy and planning established by IC 12-8-6-1.

(2) For purposes of IC 12-10-13, the meaning set forth in IC 12-10-13-4.

~~(3) For purposes of IC 12-17-6, the meaning set forth in IC 12-17-6-1-4.~~

SECTION 10. IC 12-7-2-146, AS AMENDED BY P.L.283-2001, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 146. "Program" refers to the following:

(1) For purposes of IC 12-10-7, the adult guardianship services program established by IC 12-10-7-5.

(2) For purposes of IC 12-10-10, the meaning set forth in IC 12-10-10-5.

~~(3) For purposes of IC 12-17-6, the meaning set forth in IC 12-17-6-1-5.~~

~~(4)~~ **(3)** For purposes of IC 12-17-7, the meaning set forth in IC 12-17-7-1-6.

SECTION 11. IC 12-7-2-149, AS AMENDED BY P.L.283-2001, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 149. "Provider" means the following:

(1) For purposes of IC 12-10-7, the meaning set forth in IC 12-10-7-3.

(2) For purposes of the following statutes, an individual, a partnership, a corporation, or a governmental entity that is enrolled in the Medicaid program under rules adopted under IC 4-22-2 by the office of Medicaid policy and planning:

(A) IC 12-14-1 through IC 12-14-9.5.

(B) IC 12-15, except IC 12-15-32, IC 12-15-33, and IC 12-15-34.

(C) IC 12-17-10.

(D) IC 12-17-11.

~~(E) IC 12-17-6.~~

(3) For purposes of IC 12-17-9, the meaning set forth in IC 12-17-9-2.

(4) For the purposes of IC 12-17-2, a person who operates a child care center or child care home under IC 12-17-2.

(5) For purposes of IC 12-17-4, a person who operates a child

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caring institution, foster family home, group home, or child placing agency under IC 12-17.4

SECTION 12. IC 12-10-16-6, AS AMENDED BY P.L.291-2001, SECTION 78, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 6. The administrative expenses and benefit costs of the program shall be paid from the ~~account~~ **state general fund**.

SECTION 13. IC 12-13-15.2-1, AS ADDED BY P.L.169-2001, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. Each county office of family and children shall provide to the following entities in the county a list of dentists practicing in the county who provide dental services under the Medicaid program (IC 12-15): ~~or the children's health insurance program (IC 12-17-6):~~

- (1) Head Start programs (42 U.S.C. 9831 et seq.).
- (2) Women, infants, and children nutrition programs (as defined in IC 16-35-1.5-5).
- (3) Maternal and child health clinics (as defined in IC 16-46-5-5).
- (4) The local health department.
- (5) School nurses appointed under IC 20-8.1-7-5.
- (6) Child care centers licensed under IC 12-17.2-4.
- (7) The township trustees.

SECTION 14. IC 12-15-2-14, AS AMENDED BY P.L.273-1999, SECTION 171, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 14. (a) An individual:

- (1) who is ~~less than~~ **at least seven (7) years of age and less than** nineteen (19) years of age;
- (2) **who was born after September 30, 1983;**
- (3) who is not described in 42 U.S.C. 1396a(a)(10)(A)(I); and
- ~~(3) (4)~~ **(4)** whose family income does not exceed the income level established in subsection (b);

is eligible to receive Medicaid.

(b) An individual described in ~~this section~~ **subsection (a)** is eligible to receive Medicaid, subject to 42 U.S.C. 1396a et seq., if the individual's family income does not exceed one hundred ~~fifty~~ percent ~~(150%)~~ **(100%)** of the federal income poverty level for the same size family.

(c) The office may apply a resource standard in determining the eligibility of an individual described in this section.

SECTION 15. IC 12-15-2-14.1 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 14.1. (a) An individual:**

- (1) who is at least one (1) year of age and less than seven (7)**

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1 years of age;  
 2 (2) who is not described in 42 U.S.C. 1396a(a)(10)(A)(I); and  
 3 (3) whose family income does not exceed the income level  
 4 established in subsection (b);  
 5 is eligible to receive Medicaid.

6 (b) An individual described in subsection (a) is eligible to receive  
 7 Medicaid, subject to 42 U.S.C. 1396a et seq., if the individual's  
 8 family income does not exceed one hundred thirty-three percent  
 9 (133%) of the federal income poverty level for the same size family.

10 (c) The office may apply a resource standard in determining the  
 11 eligibility of an individual described in this section.

12 SECTION 16. IC 12-15-2-14.2 IS ADDED TO THE INDIANA  
 13 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 14 [EFFECTIVE JULY 1, 2002]: **Sec. 14.2. (a) An individual:**

15 (1) who is less than one (1) year of age;  
 16 (2) who is not described in 42 U.S.C. 1396a(a)(10)(A)(I); and  
 17 (3) whose family income does not exceed the income level  
 18 established in subsection (b);  
 19 is eligible to receive Medicaid.

20 (b) An individual described in subsection (a) is eligible to receive  
 21 Medicaid, subject to 42 U.S.C. 1396a et seq., if the individual's  
 22 family income does not exceed one hundred fifty percent (150%)  
 23 of the federal income poverty level for the same size family.

24 (c) The office may apply a resource standard in determining the  
 25 eligibility of an individual described in this section.

26 SECTION 17. IC 12-15-41-10, AS ADDED BY P.L.287-2001,  
 27 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 28 JULY 1, 2002]: Sec. 10. To the greatest extent possible, the office shall  
 29 use the same administrative procedures regarding premiums for the  
 30 buy-in program as ~~are were~~ used **before July 1, 2002**, for the children's  
 31 health insurance program established under IC 12-17.6 (**before its**  
 32 **repeal**), including:

- 33 (1) the effect of nonpayment of a premium; and
- 34 (2) the collection of premiums.

35 SECTION 18. IC 12-15-41-13, AS ADDED BY P.L.287-2001,  
 36 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 37 JULY 1, 2002]: Sec. 13. (a) The office shall establish criteria to  
 38 determine the effectiveness of:

- 39 (1) the buy-in program; and
- 40 (2) continued Medicaid coverage through Section 1619 of the  
 41 federal Social Security Act (42 U.S.C. 1382h).
- 42 (b) The criteria required under subsection (a) must include the



1 following:

- 2 (1) The number of individuals with disabilities who are:  
 3 (A) enrolled in the buy-in program; or  
 4 (B) receiving Medicaid through Section 1619 of the federal  
 5 Social Security Act (42 U.S.C. 1382h).  
 6 (2) State revenues resulting from premiums paid by participants  
 7 in the buy-in program.  
 8 (3) State costs incurred as a result of implementing the buy-in  
 9 program, including administrative costs and costs of providing  
 10 services.

11 (c) In addition to the criteria required under subsection (b), the  
 12 office may establish criteria to determine the following:

- 13 (1) Comparative costs of Medicaid funded services for  
 14 participants in the buy-in program and work incentives created  
 15 through Section 1619 of the federal Social Security Act (42  
 16 U.S.C. 1382h) before and after employment.  
 17 (2) The number of Supplemental Security Income and Social  
 18 Security Disability Insurance recipients in Indiana who are no  
 19 longer dependent on, or who have reduced dependence on, public  
 20 assistance or health care entitlement services other than Medicaid  
 21 ~~or the children's health insurance program~~, due to participation in  
 22 the buy-in program or work incentives created through Section  
 23 1619 of the federal Social Security Act (42 U.S.C. 1382h).  
 24 (3) The number of individuals with severe disabilities who are no  
 25 longer dependent on, or who have reduced dependence on, public  
 26 benefits or services other than Medicaid ~~or the children's health~~  
 27 ~~insurance program~~, due to income or support services received  
 28 through participation in the buy-in program or work incentives  
 29 created through Section 1619 of the federal Social Security Act  
 30 (42 U.S.C. 1382h).  
 31 (4) The change in the number of buy-in program participants or  
 32 participants in work incentives created through Section 1619 of  
 33 the federal Social Security Act (42 U.S.C. 1382h) who have  
 34 health care needs and related services covered through employer  
 35 based benefit programs.

36 (d) In evaluating the effectiveness of the state's work incentive  
 37 initiatives for individuals with disabilities, the office:

- 38 (1) shall collaborate with other state agencies on data collection;  
 39 and  
 40 (2) may consult with an independent contractor to collect data on  
 41 the criteria listed under subsection (b).

42 (e) The office shall provide an annual report of its evaluation under

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1 this section to the council not later than October 1 each year, beginning  
2 in 2003.

3 SECTION 19. IC 16-42-22-8, AS AMENDED BY P.L.291-2001,  
4 SECTION 233, IS AMENDED TO READ AS FOLLOWS  
5 [EFFECTIVE JULY 1, 2002]: Sec. 8. (a) For substitution to occur for  
6 a prescription other than a prescription filled under the Medicaid  
7 program (42 U.S.C. 1396 et seq.) ~~the children's health insurance~~  
8 ~~program established under IC 12-17.6-2~~, or the Medicare program (42  
9 U.S.C. 1395 et seq.):

10 (1) the practitioner must sign on the line under which the words  
11 "May substitute" appear; and

12 (2) the pharmacist must inform the customer of the substitution.

13 (b) This section does not authorize any substitution other than  
14 substitution of a generically equivalent drug product.

15 SECTION 20. IC 16-42-22-10, AS AMENDED BY P.L.291-2001,  
16 SECTION 234, IS AMENDED TO READ AS FOLLOWS  
17 [EFFECTIVE JULY 1, 2002]: Sec. 10. (a) If a prescription is filled  
18 under the Medicaid program (42 U.S.C. 1396 et seq.) ~~the children's~~  
19 ~~health insurance program established under IC 12-17.6-2~~, or the  
20 Medicare program (42 U.S.C. 1395 et seq.), the pharmacist shall  
21 substitute a generically equivalent drug product and inform the  
22 customer of the substitution if the substitution would result in a lower  
23 price unless:

24 (1) the words "Brand Medically Necessary" are written in the  
25 practitioner's own writing on the form; or

26 (2) the practitioner has indicated that the pharmacist may not  
27 substitute a generically equivalent drug product by orally stating  
28 that a substitution is not permitted.

29 (b) If a practitioner orally states that a generically equivalent drug  
30 product may not be substituted, the practitioner must subsequently  
31 forward to the pharmacist a written prescription with the "Brand  
32 Medically Necessary" instruction appropriately indicated in the  
33 physician's own handwriting.

34 (c) This section does not authorize any substitution other than  
35 substitution of a generically equivalent drug product.

36 SECTION 21. THE FOLLOWING ARE REPEALED [EFFECTIVE  
37 JULY 1, 2002]: IC 4-12-1-14.3; IC 4-12-4; IC 4-12-5; IC 4-12-6;  
38 IC 4-12-7; IC 4-12-8; IC 4-12-8.5; IC 4-12-9; IC 12-10-16-1;  
39 IC 12-17.6; IC 27-1-37.2; IC 35-43-5-7.2.

40 SECTION 22. [EFFECTIVE JULY 1, 2002] **Notwithstanding**  
41 **P.L.291-2001, SECTION 3:**

42 **(1) The amount appropriated for COUNCIL OF STATE**



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1 GOVERNMENTS ANNUAL DUES, Other Operating  
2 Expense in FY 2002-2003, is \$0 and not \$127,000.

3 (2) The amount appropriated for NATIONAL  
4 CONFERENCE OF STATE LEGISLATURES ANNUAL  
5 DUES, Other Operating Expense in 2002-2003, is \$0 and not  
6 \$146,000.

7 (3) The amount appropriated for GOVERNOR'S  
8 FELLOWSHIP PROGRAM, Other Total Operating Expense  
9 in FY 2002-2003, is \$0 and not \$245,046.

10 SECTION 23. [EFFECTIVE JULY 1, 2002] Notwithstanding  
11 P.L.291-2001, SECTION 7:

12 (1) The amount appropriated FOR THE STATE BUDGET  
13 AGENCY, INDIANA PRESCRIPTION DRUG PROGRAM,  
14 from the Tobacco Master Settlement Agreement Fund (IC  
15 4-12-1-14.3), Total Operating Expense in FY 2002-2003, is \$0  
16 and not \$20,000,000. The augmentation is canceled.

17 (2) There is appropriated FOR THE STATE BUDGET  
18 AGENCY, INDIANA PRESCRIPTION DRUG PROGRAM,  
19 from the state general fund in FY 2002-2003, \$20,000,000.

20 (3) The amount appropriated for the INDIANA HEALTH  
21 CARE ADVISORY BOARD, Tobacco Master Settlement  
22 Agreement Fund (IC 4-12-1-14.3), Total Operating Expense  
23 in FY 2002-2003, is \$0 and not \$38,200,000.

24 (4) The amount appropriated for COMMISSION FOR THE  
25 STATUS OF BLACK MALES, Total Operating Expense in  
26 FY 2002-2003, is \$0 and not \$125,859.

27 (5) The amount appropriated for OFFICE OF WOMEN'S  
28 HEALTH, Total Operating Expense in FY 2002-2003, is \$0  
29 and not \$175,000.

30 (6) The amount appropriated for COMMUNITY HEALTH  
31 CENTERS, Total Operating Expense for FY 2003-2003, is \$0  
32 and not \$16,000,000. This reduction to \$0 includes the  
33 \$1,000,000 set aside for capital projects in fiscal year  
34 2002-2003.

35 (7) The amount appropriated for LOCAL HEALTH  
36 DEPARTMENT ACCOUNT, Tobacco Master Settlement  
37 Agreement Fund (IC 4-12-1-14.3), Total Operating Expense  
38 for the biennium, is \$0 and not \$3,000,000. The language in  
39 P.L.291-2001, SECTION 3, stating that the appropriation is  
40 a distribution under IC 4-12-7, is not in effect.

41 (8) The amount appropriated FOR THE TOBACCO USE  
42 PREVENTION AND CESSATION BOARD TOBACCO USE

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1       **PREVENTION AND CESSATION PROGRAM, Tobacco Use**  
 2       **Prevention and Cessation Fund (IC 4-12-1-14.3), Total**  
 3       **Operating Expense for FY 2002-2003, is \$0 and not**  
 4       **\$25,000,000. The language in P.L.291-2001, SECTION 7,**  
 5       **stating that the appropriation shall be transferred from the**  
 6       **Tobacco Master Settlement Agreement Fund, is not in effect.**  
 7       **(9) The amount appropriated for HOOSIER STATE GAMES,**  
 8       **Total Operating Expense in FY 2002-2003, is \$0 and not**  
 9       **\$225,000.**

10       **SECTION 24. [EFFECTIVE JULY 1, 2002] Notwithstanding**  
 11       **P.L.291-2001, SECTION 9:**

12       **(1) The amount appropriated for COMMISSION ON RACE**  
 13       **AND GENDER FAIRNESS, Total Operating Expense in FY**  
 14       **2002-2003, is \$0 and not \$160,908.**

15       **(2) The amount appropriated for THE JUDICIAL CENTER,**  
 16       **Personal Services in FY 2002-2003, is \$0 and not \$1,051,601.**

17       **(3) The amount appropriated for THE JUDICIAL CENTER,**  
 18       **Other Operating Expense in FY 2002-2003, is \$0 and not**  
 19       **\$772,919.**

20       **SECTION 25. [EFFECTIVE JULY 1, 2002] Notwithstanding**  
 21       **P.L.291-2001, SECTION 10, the amount appropriated for**  
 22       **LEGISLATORS' TREES, Total Operating Expense for the**  
 23       **biennium, is \$0 and not \$33,692.**

24       **SECTION 26. [EFFECTIVE JULY 1, 2002] Notwithstanding**  
 25       **P.L.291-2001, SECTION 37:**

26       **(1) The amount appropriated for Regional Health Care**  
 27       **Construction Account (IC 4-12-8.5), State Operated Facilities,**  
 28       **for the biennium, is \$0 and not \$26,061,378.**

29       **(2) The amount appropriated for DNR Inn Expansion, for the**  
 30       **biennium, is \$0 and not \$6,000,000.**

31       **(3) The amount appropriated for the Indiana House of**  
 32       **Representatives, for the biennium, is \$0 and not \$1,500,000.**

33       **SECTION 27. [EFFECTIVE JULY 1, 2002] (a) As used in this**  
 34       **SECTION, "office" refers to the office of Medicaid policy and**  
 35       **planning established by IC 12-8-6-1.**

36       **(b) Before July 1, 2002, the office shall apply to the United**  
 37       **States Department of Health and Human Services for approval to**  
 38       **amend the state Medicaid plan to delete coverage under the**  
 39       **children's health insurance program established in IC 12-17.6**  
 40       **(repealed by this act).**

41       **(c) The office may not implement the amended state Medicaid**  
 42       **plan until the office files an affidavit with the governor attesting**



1 that the proposed amendment to the state Medicaid plan applied  
2 for under this SECTION was approved. The office shall file the  
3 affidavit under this subsection not later than five (5) days after the  
4 office is notified that the proposed amendment is approved.

5 (d) If the office receives approval of the proposed amendment  
6 to the state Medicaid plan under this SECTION from the United  
7 States Department of Health and Human Services and the  
8 governor receives the affidavit filed under subsection (c), the office  
9 shall implement the amendment not more than sixty (60) days after  
10 the governor receives the affidavit.

11 (e) The office may adopt rules under IC 4-22-2 necessary to  
12 implement this SECTION.

13 SECTION 28. [EFFECTIVE JULY 1, 2002] On July 1, 2002,  
14 balances in the Indiana tobacco use prevention and cessation trust  
15 fund and accounts within the Indiana tobacco use prevention and  
16 cessation trust fund are transferred to the state general fund.

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